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STEEL & MINES DEPARTMENT

NOTIFICATION

The 24th January, 2024

Subject: Regarding reassessment of special conditions in the mining leases of Decorative stones for processing and consumption of Decorative stones in the processing units inside the State.

No.726—SM-MC3-ML-0027/2023/SM.—State Government vide Notification No.2207, dated the 24th November, 2018 have imposed special conditions in respect of the mining leases of decorative stones (Granite) in the State as below.

- i. *The lessee shall create processing capacity to the extent of at least one-third of the Authorized production capacity within a period of three years from the date of grant/ renewal/ extension of lease or the date of imposition of this special condition, whichever is later.*
- ii. *At least 50% of the production of the lease should be dispatched for processing to and be processed in a processing industry situated within the State.*

The objective of the above measure was to ensure supply of raw materials to the state based granite-processing industries and to increase the employability in the State.

A number of lessees through the Granite Association have submitted representation requesting for relaxing the above conditions.

A Committee under the Chairmanship of the Director of Mines & Geology was constituted by the Government to reassess the impact of the special condition. The said Committee, called the Granite Association for a formal meeting and after duly considering their concern, submitted its report to this Department on 12th December, 2023, which was further deliberated in detail. It emerged that

- i. Granite in multi-colour processed form (7 to 8 coloured blocks) has a huge demand and the single coloured granite block processed in the domestic polishing units has very limited demand.
- ii. Most of the existing mines produce single coloured granite and operation of a Granite Cutting and Polishing Unit based on a single-colour stone (produced from a mine) is not an economic viability.
- iii. Study by IBM has also revealed that for viability of a processing unit, a promoter requires 6 to 7 colours of rough blocks as raw material, including product of his own mines, which will be around 10-12% of his total requirement of raw material.

As such, the scale of production from the existing mines of decorative stones has reduced due to the restrictions currently under implementation.

Now, therefore, in exercise of the powers conferred under sub-rule-40 of rule-26 read with sub-rule-3 of rule-58 of the Odisha Minor Mineral Concession Rules' 2016, Government, after careful reassessment, have been pleased to impose the following special conditions in supersession of 50:50 stipulations for decorative stone leases:

- i. *The lessee shall create processing capacity to the extent of at least one-fifth of the authorized production capacity within a period of three years from the date of grant/renewal/extension of lease or the date of imposition of this special condition, whichever is later.*
- ii. *At least 25% of the production of the lease should be dispatched for processing to and be processed in a processing industry situated within the State.*
- iii. *The imposition of this revised special condition of 25:75 shall be reviewed by the State Government in regular interval.*

The above conditions shall be imposed:

- i. *in modification of the condition imposed earlier on the existing lessees during the time of grant or renewal of lease or in the letter of intent issued to the applicants;*

- ii. *on the existing lessees who may be granted extension of the period of pre-14th December' 2016 lease, under the provisions of the OMMC Rules' 2016;*
- iii. *on all leases for decorative stone which may be allowed to execute the mining lease on the basis of PL or Letter of Intent or grant order accorded prior to commencement of the OMMC Rules' 2016, i.e. without auction.*

By Order of the Governor

D.K. SINGH

Additional Chief Secretary to Government